

secretary

**From:** Gerald S. Pajon [gspajon@gmail.com]  
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**To:** secretary  
**Cc:** cftcfeedback@fxdd.com  
**Subject:** Regulation of Retail Forex

C.F.T.C.  
OFFICE OF THE SECRETARIAT  
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Dear Sirs/Madams;

I have recently become aware of new proposed regulation RAN 3038-ARC which proposes in part to limit leverage of retail trading to 10:1. I feel I must speak out on this issue. While I completely understand the reason for requiring adequate funding for institutions dealing in "high risk" investing, I feel this particular aspect, (that of limiting leverage) is out of line with the general idea of protecting consumers.

- Point (1): Limiting leverage will directly or indirectly protect consumers from institutional mismanagement. This is abjectly false. While it is and should be required that retail institutions advise their customers about the inherent risk involved in this type of business, it is not the responsibility of government to eliminate choice from the consumer, but rather make a level playing field for equal participation. The use of leverage allows consumers (us little guys) just this. The ability to place orders (even small ones) that are akin to larger institutions and participate, as do large institutions in opportunities presented in financial markets. By allowing individuals to participate equally, we are better able to self direct our resources for our benefit without relying on possibly (or more probably) fund managers with agendas OTHER than the successful management of their client's account.
- Point (2): Allowing the individual to trade with greater leverage places greater risk on the individual's account. Again this idea is misconstrued. By allowing the institution to advise clients of risks they are taking, the client is made well aware of both the advantages AND disadvantages of risk as it related to the use of leverage. Thus once again, allowing MORE choice for the consumer.
- Point (3): Regulations of this nature will have a stabilizing effect on the overall operation of financial markets. This again is incorrect. These same consumers will only take their funds (even small accounts) to institutions off shore. While government will no doubt do its best to find and regulate these customers, it enough of us "average" consumers do this it will take needed funds away from the US economy and add the near impossible task of tracking down and punishing EVERY offender, which will NOT bring those funds back into the US.

I urge you to make your regulation more reasonable, and reducing leverage for consumers does NOT accomplish this task. Thank you for your attention.

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